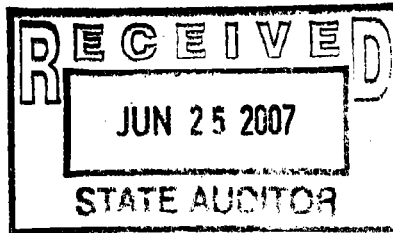


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Date 6-25-07



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MOAB VALLEY FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

**MOAB VALLEY FIRE PROTECTION DISTRICT
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FOR THE YEAR ENDED DECEMBER 31, 2006**

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Moab Valley Fire Protection District
Moab, Utah 84532

We have audited the accompanying financial statements of governmental activities and each major fund of Moab Valley Fire Protection District as of December 31, 2006, and for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Moab Valley Fire Protection District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

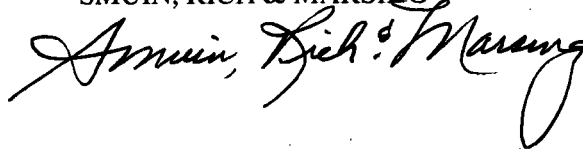
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of December 31, 2006, and the respective changes in financial position where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management, Discussion and Analysis as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Governmental Auditing Standards, we have also issued our report dated May 17, 2007 on our consideration of Moab Valley Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Armin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name.

Price, Utah

May 17, 2007

**MOAB VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Our discussion and analysis of Moab Valley Fire Protection District's financial performance provides an overview and analysis of the District's financial activities for the year ended December 31, 2006. This report is in conjunction with the District's financial statements, which are a part of this report.

The purpose of the District is to provide fire suppression and rescue aid in order to protect lives and property from fire, hazardous materials emergencies, man-made, and natural disasters in a 29.66 square-mile district that encompasses the entire city of Moab, Utah and the adjacent unincorporated lands in Grand County.

FINANCIAL HIGHLIGHTS

- The District's net assets decreased \$(32,712) as a result of this year's operations. This is a 3.179% decrease in net assets as compared to the prior year.
- Long-term debt increased by \$84,730 or an increase of 3.69% over the prior year.
- Tax revenue increased from \$284,671 to \$319,512 a 1.70% increase over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to Moab Valley Fire Protection District's basic financial statements. The District's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

Government-wide financial statements

The government-wide financial statements include two financial statements: The Statement of Net Assets and The Statement of Activities. These statements are designed to provide the readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing revenues and expenditures of the District and how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include general government and public safety. The District does not have any business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. The General Fund is the only major fund and is presented with the Debt Service and Capital Projects Funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The District adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement has been provided for the General Fund, to demonstrate compliance with their budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$997,941 at December 31, 2006.

By far the largest portion of the District's net assets (74.9%) reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following analysis focuses on the net assets (table 1) and changes in net assets (table 2) of the District's governmental activities.

Table 1
Net Assets

	<u>2005</u>	<u>2006</u>	<u>Net Change</u>
Assets			
Current and other assets	\$ 272,915	\$ 292,646	\$ 19,731
Capital assets, net	<u>1,026,965</u>	<u>1,062,145</u>	<u>35,180</u>
Total assets	<u>\$ 1,299,880</u>	<u>\$ 1,354,791</u>	<u>\$ 54,911</u>
Liabilities			
Current liabilities	\$ 57,747	\$ 68,365	\$ 10,618
Other liabilities	<u>211,480</u>	<u>288,485</u>	<u>77,005</u>
Total liabilities	<u>\$ 269,227</u>	<u>\$ 356,850</u>	<u>\$ 87,623</u>
Net Assets			
Invested in capital assets, net of debt	\$ 795,270	\$ 747,667	\$ (47,603)
Restricted	47,525	49,450	1,925
Unrestricted	<u>187,858</u>	<u>200,824</u>	<u>12,966</u>
Total Net Assets	<u>\$ 1,030,653</u>	<u>\$ 997,941</u>	<u>\$ (32,712)</u>

Revenues for the District increased \$67,011, a 1.91% increase over the prior year. The largest increase in revenue was in taxes. The largest sources of funds are property taxes. These funds, plus revenue from contractual services, and other miscellaneous revenue enable the District the opportunity to fund the daily operations of the District as well as upgrading their equipment.

Total expenses decreased \$1,316, a decrease of 0.03%. The largest decrease in expenditures occurred because there was no loss on disposal of fixed asset. Grant revenue of \$35,384 plus general fund revenue paid for equipment purchases for wildland firefighting, structural firefighting, and for specialized rescue.

With a 1.91% increase in revenues compared to a 0.03% decrease in expenditures, net assets for governmental activities increased 0.009% over the prior year. This indicates that the District is basically in the same financial position as the previous year.

Government-wide financial statements (Continued)

Table 2
Changes in Net Assets

	<u>2005</u>	<u>2006</u>	<u>2005-2006</u> <u>Net Changes</u>
<u>Revenues</u>			
Program Revenues:			
Charges for services	\$ 23,500	\$ 19,530	\$ (3,970)
Capital grants and contributions	34,559	35,384	825
General Revenues:			
Taxes	284,671	319,512	34,841
Restricted investment earnings	331	635	304
Unrestricted investment earnings	4,535	5,237	702
Miscellaneous	4,069	4,735	666
Total revenues	<u>\$ 351,665</u>	<u>\$ 385,033</u>	<u>\$ 33,368</u>
Program Expenses			
General government	\$ 40,206	\$ 44,293	\$ 4,087
Public safety	363,076	366,539	3,463
Interest and fiscal charges	5,929	6,913	984
Loss on disposal of fixed assets	9,850		(9,850)
Total expenses	<u>\$ 419,061</u>	<u>\$ 417,745</u>	<u>\$ (1,316)</u>
Excess (deficiency) before transfers	<u>\$ (67,396)</u>	<u>\$ (32,712)</u>	<u>\$ 34,684</u>
Net Assets - beginning	<u>\$ 1,098,049</u>	<u>\$ 1,030,653</u>	<u>\$ (67,396)</u>
Net Assets - ending	<u>1,030,653</u>	<u>997,941</u>	<u>(32,712)</u>
Change in net assets	<u>\$ (67,396)</u>	<u>\$ (32,712)</u>	<u>\$ 34,684</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised their budget once. The original budget was adopted on December 13th, 2005 and was adjusted on December 12th, 2006. The general fund budget was amended from \$407,990 to \$527,990 an increase of \$120,000 and can be briefly summarized as follows:

- \$120,000 increase in capital expenditures

The budget increase was due to obtaining loan proceeds for the purchase of land.

The actual charges for expenditures were \$486,601; this was \$41,389 below the final budgeted amount. Resources for revenues were \$506,883, \$2,664 over the final budgeted amount. The most significant negative variance (\$21,513) occurred in fee-in-lieu revenues. See exhibit 7 on page 17.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2006, the District had invested \$1,062,145 (net of accumulated depreciation) in capital assets. This amount represents a net increase (including additions and deletions) of \$35,180, or a .34% increase over the previous year. See Table 3 below.

Table 3
Capital Assets at Year-End
(Net of Depreciation)

	2005	2006	Net Changes
Land		\$ 120,000	\$ 120,000
Buildings	\$ 149,390	139,326	(10,064)
Equipment	877,575	802,819	(74,756)
Total assets	<u>\$ 1,026,965</u>	<u>\$ 1,062,145</u>	<u>\$ 35,180</u>

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

This year's major additions included the following equipment:

Description	Cost	Funding Source
Land at 130 E. Center	\$ 120,000.00	Loan Proceeds/General Fund
Power Hawk Tools	12,644.00	HLS Grant/General Fund
Polaris Ranger 6 x 6	10,194.00	HLS Grant/General Fund

The District's fiscal year 2007 capital budget calls for spending \$16,450 principally for equipment. The District anticipates paying for these projects with budgeted funds from the General Fund. The District also has budgeted for lease/purchase commitments of \$40,269 for payments of two vehicles.

Long-term Debt

As presented in table 4 below, the total long-term debt of the District was \$338,321, which included three capital leases and compensated absences. As of December 31, 2006, the District's debt increased by \$87,623 an increase of 3.49% over the prior year. Additional information on the District's long-term debt can be found in the notes to the financial statements.

The District does not expect to add any debt during 2007.

Table 4
Outstanding Debt at Year-End

	2005	2006	Net Changes
Capital leases	\$ 229,747	\$ 314,477	\$ 84,730
Lease interest payable	1,948	5,861	3,913
Compensated absences	19,003	17,983	(1,020)
Total debt outstanding	<u>\$ 250,698</u>	<u>\$ 338,321</u>	<u>\$ 87,623</u>

ECONOMIC FORECAST AND FUTURE BUDGET

The Moab Valley Fire Protection District will continue to use its funding to protect its citizens and visitors from the effect of fire, hazardous materials emergencies, and other man-made and natural disasters. In the next few years, the District plans on building another fire station in the southern portion of the District. Funding for this project will come from a combination of grants, impact fees, and District revenue.

Future projects including purchasing mobile equipment for the new station, upgrading a 25-year-old fire engine, and renovations to station #1 will be funded from District revenue and CIB Grants. The District will continue to upgrade its small equipment including but not limited to, Personal Protective Equipment, SCUBA equipment, and small fire equipment.

The District will always seek funding sources to assure that its mobile equipment is replaced in a timely manner.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our community with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chief Wesley Brewer at 45 South 100 East, Moab, Utah 84532.

MOAB VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

		<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 78,858	
Investments, at cost	3,313	
Restricted:		
Cash	26,949	
Receivables:		
Taxes	179,506	
Accounts	120	
Prepaid lease	3,900	
Total current assets	\$ 292,646	
Noncurrent assets:		
Capital assets:		
Land, buildings and equipment, net	\$ 1,062,145	
Total noncurrent assets	\$ 1,062,145	
Total assets	\$ 1,354,791	

"The accompanying notes are an integral part of this statement."

MOAB VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES:	
Current liabilities:	
Deferred revenue	\$ 18,529
Capital lease interest payable	5,861
Current portion of long-term obligations	43,975
Total current liabilities	\$ 68,365
Noncurrent liabilities:	
Compensated absences	\$ 17,983
Noncurrent portion of long-term obligations	270,502
Total noncurrent liabilities	\$ 288,485
Total liabilities	\$ 356,850
NET ASSETS:	
Invested in capital assets, net of related debt	\$ 747,667
Restricted for:	
General Fund	23,510
Capital Projects	25,940
Unrestricted	200,824
Total net assets	\$ 997,941
Total liabilities and net assets	\$ 1,354,791

"The accompanying notes are an integral part of this statement."

MOAB VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Primary Government				
Governmental activities:				
General government	\$ 44,293			\$ (44,293)
Public safety	366,539	\$ 19,530	\$ 35,384	(311,625)
Interest on long-term debt	6,913			(6,913)
Total governmental activities	\$ 417,745	\$ 19,530	\$ 35,384	\$ (362,831)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				\$ 319,492
Property taxes, levied for debt service				20
Miscellaneous				4,735
Investment earnings				5,872
Total general revenues, special items, and transfers				\$ 330,119
Change in net assets				\$ (32,712)
Net assets - beginning				1,030,653
Net assets - ending				\$ 997,941

"The accompanying notes are an integral part of this statement."

MOAB VALLEY FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 77,152	\$ 1,706		\$ 78,858
Investments, at cost	3,313			3,313
Cash, restricted	19,610		\$ 7,339	26,949
Receivables:				
Taxes	179,506			179,506
Accounts	120			120
Due from other funds		10,655	18,601	29,256
Total assets	<u>\$ 279,701</u>	<u>\$ 12,361</u>	<u>\$ 25,940</u>	<u>\$ 318,002</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Due to other funds	\$ 29,256			\$ 29,256
Deferred revenue	18,529			18,529
Total liabilities	<u>\$ 47,785</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 47,785</u>
FUND BALANCES:				
Reserved for:				
General fund	\$ 19,610			\$ 19,610
Capital projects fund			\$ 25,940	25,940
Unreserved, reported in:				
General fund	212,306			212,306
Debt service		\$ 12,361		12,361
Total fund balances	<u>\$ 231,916</u>	<u>\$ 12,361</u>	<u>\$ 25,940</u>	<u>\$ 270,217</u>
Total liabilities and fund balances	<u>\$ 279,701</u>	<u>\$ 12,361</u>	<u>\$ 25,940</u>	<u>\$ 318,002</u>

"The accompanying notes are an integral part of this statement."

MOAB VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Total fund balances - governmental fund types: \$ 270,217

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore are not reported in the funds.

Land	\$	120,000	
Buildings		139,326	
Machinery & equipment		802,819	1,062,145

Long-term liabilities, including capital leases, are not due and payable
in the current period and therefore are not in the funds.

Capital lease interest payable	\$	(5,861)	
Capital lease payable - current portion		(43,975)	
Capital lease payable - > one year		(270,502)	
Compensated absences		(17,983)	(338,321)

Prepayments made on capital leases are expensed on the fund financial statements 3,900

Net assets of governmental activities \$ 997,941

"The accompanying notes are an integral part of this statement."

MOAB VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

				TOTAL GOVERNMENTAL FUND
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	DECEMBER 31, 2006
REVENUES:				
Taxes	\$ 319,492	\$ 20		\$ 319,512
Charges for services	19,529			19,529
Intergovernmental	35,384			35,384
Interest revenue	5,743		\$ 129	5,872
Miscellaneous	4,735			4,735
Total revenues	\$ 384,883	\$ 20	\$ 129	\$ 385,032
EXPENDITURES:				
Current -				
General government	\$ 41,814			\$ 41,814
Public Safety	253,609			253,609
Capital outlay	151,608			151,608
Debt service -				
Principal retirement	37,270			37,270
Payment to reserve account	1,300			1,300
Interest on long term debt	3,000			3,000
Total expenditures	\$ 488,601	\$...	\$...	\$ 488,601
Excess of revenue over (under) expenditures	\$ (103,718)	\$ 20	\$ 129	\$ (103,569)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	\$ 122,000	\$...	\$...	\$ 122,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ 18,282	\$ 20	\$ 129	\$ 18,431
FUND BALANCE, January 1,	213,634	12,341	25,811	251,786
FUND BALANCE, December 31,	\$ 231,916	\$ 12,361	\$ 25,940	\$ 270,217

"The accompanying notes are an integral part of this statement."

MOAB VALLEY FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Net changes in fund balances - total governmental funds	\$ 18,431
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$149,608) exceeded depreciation (\$114,428) in the current period.	
	35,180
The issuance of long-term debt (e.g., capital leases) provide current financial resources to governmental funds, while the repayment of the principal and interest of long-term debt consumes the current financial resources of governmental funds. In the Statement of Activity, principal payment on capital leases is not recorded and interest expense is recognized as it accrues, regardless of when it is due. Also, governmental funds report the effect of of issuance costs and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of capital leases and related items is as follows:	
Loan proceeds	\$ (122,000)
Repayment of capital lease principal	37,270
Interest expense - capital lease	(3,913)
	(88,643)
Prepayments made on capital leases are expensed on the fund financial statements	1,300
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (Decrease in compensated absences)	1,020
Change in net assets of governmental activities	\$ (32,712)

"The accompanying notes are an integral part of this statement."

**MOAB VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES:				
Taxes:				
Property taxes	\$ 252,000	\$ 252,000	\$ 306,005	\$ 54,005
Other taxes	20,000	20,000		(20,000)
Fee-in-Lieu	35,000	35,000	13,487	(21,513)
Charges for services	29,500	29,500	19,529	(9,971)
Interest income	7,000	7,000	5,743	(1,257)
Grant revenue	30,000	30,000	35,384	5,384
Other income	10,719	130,719	122,000	(8,719)
Miscellaneous revenue			4,735	4,735
Total revenues	\$ 384,219	\$ 504,219	\$ 506,883	\$ 2,664
EXPENDITURES:				
Current:				
General government				
Building maintenance	\$ 7,000	\$ 7,000	\$ 1,475	\$ 5,525
Utilities and telephone	10,000	10,000	12,516	(2,516)
Office supplies	3,000	3,000	3,038	(38)
Insurance	21,000	21,000	20,861	139
Accounting	3,400	3,400	3,400	
Miscellaneous and publications	1,600	1,600	524	1,076
Total general government	\$ 46,000	\$ 46,000	\$ 41,814	\$ 4,186
Public safety				
Wages and fringe benefits	\$ 188,271	\$ 188,271	\$ 183,903	\$ 4,368
Member benefits	30,000	30,000	26,085	3,915
Equipment maintenance	15,000	15,000	15,112	(112)
Fire prevention	1,000	1,000	599	401
Fire conventions	4,000	4,000	1,907	2,093
Education	3,000	3,000	1,381	1,619
Specialty rescue	10,000	10,000	3,857	6,143
Supplies	2,000	2,000	1,300	700
Small equipment	8,000	8,000	19,465	(11,465)
Total public safety	\$ 261,271	\$ 261,271	\$ 253,609	\$ 7,662

"The accompanying notes are an integral part of this statement."

**MOAB VALLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
Capital outlay:				
Capital expenditures	\$ 60,450	\$ 180,450	\$ 151,608	\$ 28,842
Debt service	40,269	40,269	41,570	(1,301)
Total capital outlay and debt service	\$ 100,719	\$ 220,719	\$ 193,178	\$ 27,541
Total expenditures	\$ 407,990	\$ 527,990	\$ 488,601	\$ 39,389
Excess of revenues and other sources over (under) expenditures and other uses	\$ (23,771)	\$ (23,771)	\$ 18,282	\$ 42,053
Fund balances - beginning of year	213,634	213,634	213,634	
Fund balances - end of year	\$ 189,863	\$ 189,863	\$ 231,916	\$ 42,053

"The accompanying notes are an integral part of this statement."

**MOAB VALLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Moab Valley Fire Protection District (referred to as the District hereafter) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below and in subsequent sections of these notes.

A. Reporting Entity

The District was organized by Grand County under the State of Utah's statutes governing fire protection districts. The District has a 3-member board that is elected by voters residing in the Moab Valley Fire Protection District.

All funds, including all financial activities over which the District has financial accountability, are included in this report. The District's financial reporting entity is comprised of all funds of the District, which constitute the primary government.

In determining the financial reporting entity, the District complies with the provisions of Governmental Accounting Standards Board Statement No. 14 (as amended by GASB Statement 39), The Financial Reporting Entity, and includes all component units of which the District appoints a voting majority of the units' board and the District is either able to impose its will on the unit or a financial benefit or burden relationship exists. Based upon the above criteria, the District has no component units.

B. Government-Wide and Fund Financial Statements

Generally accepted accounting principles (GAAP) require that state and local governments provide a government-wide statement of net assets and a government-wide statement of activities. The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) are required to be presented using the economic resources measurement focus and the accrual basis of accounting, the same measurement focus and basis of accounting employed by private-sector business enterprises and not-for-profit organizations. The statements report information on all of the non-fiduciary activities of the District. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. **Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The statement of net assets is the basic government-wide statement of position that presents all of the District's permanent accounts (assets, liabilities, and net assets).

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, interest, charges for services, rents and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are recognized as revenue in the year for which they are levied. Amounts received or recognized as receivable at fiscal year end are included in the financial statements as taxes receivable. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the District.

Capital Projects Fund – The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

D. **Budgetary Data**

The system of budgeting used by the District complies primarily with the procedures outlined in the "State of Utah Uniform Accounting Manual for Special Districts", which is in accordance with generally accepted accounting principles. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at year-end.

The District follows the budgetary practices and procedures required by Utah State law. These requirements are summarized as follows:

1. A formal budget is adopted for all funds which require a budget: all general, debt service and capital projects funds.
2. The budget is a complete financial plan, which identifies all estimated revenues and all appropriations for expenditures for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
3. On or before the first regularly scheduled meeting of the governing body in November, the District clerk or manager prepares a tentative budget and submits it to the District Board.
4. The tentative budget is a public record and is available for public inspection for at least seven days prior to public hearings held to consider adoption of the budget.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Budgetary Data (Continued)

5. Notice of the scheduled public hearings is published at least seven days prior to the meeting.
6. A public hearing is held on the tentatively adopted budget. Members of the public may comment on the budget and recommend changes to the District Board.
7. The District Board considers the comments made by the public and makes final adjustments to the budget.
8. By December 31, the District Board adopts the budget by resolution. A copy of the budget is certified by the County Auditor and is filed with the State Auditor within thirty days of adoption. A certified copy of the budget is available for public inspection.
9. The budget may be amended to reflect changes in circumstances, which occur during the year.

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition including investments in the Public Treasurers' Investment Fund (PTIF) to be cash and cash equivalents.

Investments are reported at fair value. The PTIF's reported value is basically the same as the fair value of the Fund's shares.

F. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the District is not included as part of the capitalized value of the assets constructed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

Buildings, equipment, and vehicles of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Vehicles	10-20
Equipment	5-12

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net assets.

I. Net Asset Classifications

In the government-wide financial statements, net assets are displayed in three components:

1. Investment in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) laws through constitutional provisions or enabling legislation.
3. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Governmental fund equity is classified as fund balance. Fund balance is classified as either reserved or unreserved, with unreserved further split between designated and undesignated. Amounts are classified as reserved when amounts are required to be reserved for a specific purpose, either through legislation or third-party contracts. Unreserved amounts can be designated for a specific purpose by the District’s Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Accumulated unpaid sick leave, vacation and other employee benefit amounts are not accrued in governmental funds (using the modified accrual basis of accounting) because the amounts are not payable from expendable available financial resources.

Vacation days accrue based on the number of years of service. Unused vacation time to a maximum of 10 days per calendar year may be compensated in the form of a cash payment available on January 1 of the year following accrual. An employee may elect to save unused vacation time and receive compensation for it when that employee separates from District service.

Sick leave accrues at the rate of four hours each pay period by full-time permanent employees. Sick leave accrues without limit. An employee separating from the District will not be compensated in cash for unused sick leave unless the employee is retiring. A retiring employee will be paid 25% of unused accumulated sick leave at the pre-retirement rate of pay. There are currently no employees qualified for retirement, so no unpaid sick leave compensation is recorded.

Accrued unpaid vacation pay, which vests to the employee in the government-wide financial statements for governmental activities totaled \$17,983 at December 31, 2006.

2. DEPOSITS AND INVESTMENTS

Deposits and investing for the District are governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of District funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The District maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and investments. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash and investments are separately held by individual funds.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At December 31, 2006, the District's bank balance of cash on deposit was \$ 94,936; of this amount all was insured.

2. DEPOSITS AND INVESTMENTS (Continued)

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the District and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, and Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of December 31, 2006, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More than 10
State of Utah Public Treasurer's Investment Fund	\$ 3,313	\$ 3,313			
Wells Fargo Certificate of Deposit	19,610	19,610			
Wells Fargo Certificate of Deposit	7,339	7,339			
Total Investments	<u>\$ 30,262</u>	<u>\$ 30,262</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages this risk in part by investing in the Utah Public Treasurers Investment Fund. The District also manages its exposure to fair value loss arising from increasing interest rates by complying with the State's Money Management Act. Section 51-7-11 of the Act which requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptance, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has not adopted a formal policy with regards to credit risk on investments but the District informally follows the policy for reducing its exposure to credit risk by complying with the State's Money Management Act as previously discussed.

At December 31, 2006, the District had the following investments and quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
State of Utah Public Treasurer's Investment Fund	\$ 3,313				\$ 3,313
Wells Fargo Certificate of Deposit	19,610				19,610
Wells Fargo Certificate of Deposit	<u>7,339</u>				<u>7,339</u>
Total Investments	<u>\$ 30,262</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 30,262</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's informal policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. No more than 5% of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5% of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

2. **DEPOSITS AND INVESTMENTS (Continued)**

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk. As of December 31, 2006, the District had \$3,313 invested in the Public Treasurer's Investment Fund and was held by them.

3. **LONG-TERM DEBT**

During 2003, the District entered into a lease purchase agreement for the purpose of purchasing a 2001 Ford F-550 Quick Attack fire truck and a 2003 Ford F-550 truck to be used as fire trucks. The total amount of the lease was \$166,349. Lease payments are due on May 8, commencing on May 8, 2004. The following is a schedule of future minimum lease payments together with the present value of the minimum lease payments, as of December 31, 2006:

<u>Payment Due</u>	<u>Payment Amount</u>
May 8, 2007	\$ 33,270
May 8, 2008	<u>33,270</u>
Total net minimum lease payments	\$ 66,540
Less amount representing interest	<u>3,063</u>
Present value of net minimum lease payments	<u><u>\$ 63,477</u></u>

3. **LONG-TERM DEBT (Continued)**

During 2002, the District entered into a sub-lease purchase agreement with Grand County for the purpose of purchasing a 2001 Ferrara aerial fire truck. The capital lease is a non interest-bearing lease in the amount of \$150,000. Lease payments are due on July 15, commencing in 2004. The following is a schedule of future minimum lease payments together with the present value of the minimum lease payments, as of December 31, 2006:

<u>Payment Due</u>	<u>Payment Amount</u>
July 15, 2007	\$ 7,000
July 15, 2008	7,000
July 15, 2009	7,000
July 15, 2010	7,000
July 16, 2011	7,000
2012-2016	38,000
2017-2021	40,000
2022-2023	<u>16,000</u>
Total net minimum lease payments	\$ 129,000
Less amount representing interest	<u>...</u>
Present value of net minimum lease payments	<u>\$ 129,000</u>

3. LONG-TERM DEBT (Continued)

On March 23, 2006, Moab Valley Fire Protection District entered into a lease/purchase agreement with Zions First National Bank for real property. The principal lease payments total \$122,000, which are paid over a 15 year period. The annual principal and interest payment is \$11,594.14. The interest rate on the lease is 4.81% from March 23, 2006 through March 23, 2016 and 4.79% from March 13, 2016 through March 23, 2021. The following is a schedule of future minimum lease payments together with present value of the minimum lease payments, as of December 31, 2006.

<u>Payment Due</u>	<u>Payment Amount</u>
March 23, 2007	\$ 11,594.14
March 23, 2008	11,594.14
March 23, 2009	11,594.14
March 23, 2010	11,594.14
March 23, 2011	11,594.14
March 23, 2012	11,594.15
March 23, 2013	11,594.14
March 23, 2014	11,594.14
March 23, 2015	11,594.15
March 23, 2016	11,594.14
March 23, 2017	11,594.14
March 23, 2018	11,594.14
March 23, 2019	11,594.14
March 23, 2020	11,594.14
March 23, 2021	11,594.14
Total net minimum lease payments	\$ 173,912.12
Less amount representing interest	(51,912.12)
Present value of net minimum lease payments	<u>\$ 122,000.00</u>

The changes in capital leases and compensated absences for the year ended December 31, 2006 are listed below:

<u>Ogligation</u>	<u>Balance 01-01-06</u>	<u>Debt Retirement</u>	<u>New Issues</u>	<u>Balance 12-31-06</u>	<u>Due Within One Year</u>
Capital leases	\$ 229,747	\$ (37,270)	\$ 122,000	\$ 314,477	\$ 43,975
Comp. Absences	19,003	(1,019)		17,984	
	<u>\$ 248,750</u>	<u>\$ (38,289)</u>	<u>\$ 122,000</u>	<u>\$ 332,461</u>	<u>\$ 43,975</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government				
Governmental activities:				
Capital assets not being depreciated:				
Land	\$...	\$ 120,000	\$...	\$ 120,000
Capital assets being depreciated:				
Buildings	\$ 394,530	\$ 5,000		\$ 399,530
Equipment and vehicles	1,519,169	24,607		1,543,776
Total capital assets being depreciated:	\$ 1,913,699	\$ 29,607	\$...	\$ 1,943,306
Less accumulated depreciation for:				
Buildings	\$ 245,140	\$ 15,064		\$ 260,204
Equipment and vehicles	641,594	99,363		740,957
Total accumulated depreciation	\$ 886,734	\$ 114,427	\$...	\$ 1,001,161
Total capital assets being depreciated, net	\$ 1,026,965	\$ (84,820)	\$...	\$ 942,145
Governmental activities capital assets, net	\$ 1,026,965	\$ 35,180	\$...	\$ 1,062,145

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General government	\$ 479
Public safety	<u>113,948</u>
Total depreciation expense - governmental activities	<u>\$ 114,427</u>

5. PENSION PLANS

At December 31, 2006, the District was participating in the Utah State Retirement Systems. Listed below is information pertaining to the retirement system.

Local Governmental - Cost Sharing

Plan Description. The District contributes to the Local Governmental Firefighter Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Firefighters Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy. Plan members in the Local Governmental Firefighters Retirement System, are not required to contribute to the plan, but the District made payments in behalf of employees at the rate of 8.61% from January to June and 10.84% from July to December of their annual covered salaries. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the Board.

The District's contributions for the Firefighters Retirement System for December 31, 2006, 2005 and 2004 were \$11,224.08, \$9,739.80, and \$8,786.88 respectively. The contributions were equal to the required contributions for each year.

The District also makes contributions to the employee's Defined Contribution System – 457 Plan and 401K Plan. The District's contributions to the employees' 457 Plan for the years ending December 31, 2006, 2005 and 2004 were \$2,184.72, \$2,684.64 and \$2,684.64 respectively. The District's contributions to the employees 401k Plan for the years ending December 31, 2006, 2005 and 2004 were \$1,684.28, \$1,267.68 and \$1,267.68 respectively.

6. RESTRICTED CASH

The District has restricted the funds held in the Injury Wage time certificate of deposit, which will be used in the event a firefighter is injured on the job.

7. CONTINGENT OBLIGATIONS

Management, the Board of Directors and legal counsel for the District are aware of no litigation involving the District, either in progress or pending, which would materially affect the financial statements as of December 31, 2006, nor of any material contingencies not otherwise disclosed in the Notes to Financial Statements contained herein.

8. **PROPERTY TAX CALENDAR**

The District adopts the proposed tax rates as part of its budget for the current year, which began January 1. If the proposed rates exceed a certified tax rate, a special public hearing must be held before the final rate is adopted. The final tax rate is assessed, by the Grand County Assessor, on property in the District on the prior January 1. The taxes are payable to the Grand County Treasurer by the end of November and are remitted to the District by the County Treasurer as collected.

9. **BUDGET COMPLIANCE**

Utah State law requires that budgetary compliance be measured on a fund level. During the year ended December 31, 2006, the general fund had a favorable variance.

10. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters. To eliminate as much as possible, the District's exposure, it has purchased insurance policies through commercial companies to cover the various areas of risk.

11. **RESERVED FUND BALANCE/RESTRICTED NET ASSETS**

Reserved fund balances and restricted net assets as of December 31, 2006 consist of the following:

	RESERVED FUND BALANCE	RESTRICTED NET ASSETS
<u>General Fund</u>		
Injury wage funds	\$ 19,610	\$ 19,610
Prepaid lease		3,900
	<u>\$ 19,610</u>	<u>\$ 23,510</u>
<u>Capital Projects Fund</u>		
Capital improvements	<u>\$ 25,940</u>	<u>\$ 25,940</u>

12. **RELATED PARTIES**

Cindy Brewer, wife of Chief/Administrator Wesley Brewer, worked for the District as interim Administrative Assistant from July 2006 to September 2006 and was paid \$4,125.

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
R. KIRT RICH, C.P.A.
GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Moab Valley Fire Protection District
Moab, Utah 84532

Re: Report on Legal Compliance with
Applicable Utah State Laws and
Regulations

Ladies/Gentlemen:

We have audited the accompanying financial statements of the governmental activities and each major fund of Moab Valley Fire Protection District for the year ended December 31, 2006, and have issued our report thereon dated May 17, 2007. The District received the following nonmajor grants, which are not required to be audited for specific compliance requirements: (However, these programs were subject to testwork as part of the audit of the District's financial statements.)

Fire Department Assistance Grant (Department of Natural Resources Division of Forestry,
Fire and State Lands)
Emergency Medical Services Grant (Department of Health, Bureau of Emergency Medical Services)

Our audit also included testwork on the District's compliance with the following general compliance requirements, identified in the State of Utah Legal Compliance Audit Guide:

Public Debt	Cash Management
Purchasing Requirements	Budgetary Compliance
Truth in Taxation and	Other General Compliance Issues
Property Tax Limitations	Special Districts

The District did not receive any major State grants during the year ended December 31, 2006.

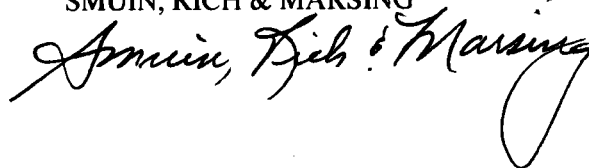
The management of Moab Valley Fire Protection District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which were reported in a management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Moab Valley Fire Protection District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2006.

SMUIN, RICH & MARSING

A handwritten signature in cursive script, appearing to read "Smuin, Rich & Marsing", written in dark ink.

Price, Utah

May 17, 2007

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

CRAIG G. SMUIN, C.P.A.
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GREG MARSING, C.P.A.
DOUGLAS RASMUSSEN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Moab Valley Fire Protection District
Moab, Utah 84532

RE: Report on Compliance and on Internal
Control Over Financial Reporting Based
on an Audit of Financial Statements Per-
formed in Accordance With Government
Auditing Standards

We have audited the financial statements of the governmental activities and each major fund of Moab Valley Fire Protection District as of and for the year ended December 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

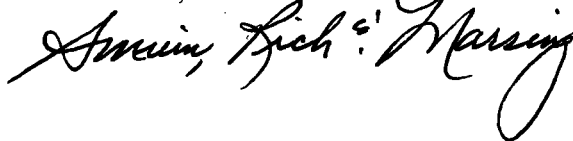
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the District in a separate letter dated May 17, 2007.

This report is intended solely for the information and use of the audit committee, management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name of the firm.

Price, Utah

May 17, 2007

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

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MEMBERS

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UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Moab Valley Fire Protection District
Moab, Utah 84532

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of the accounting procedures and internal controls in connection with our examination of the financial statements of Moab Valley Fire Protection District for the year ended December 31, 2006.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the systems and procedures, this memorandum should not be considered all inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

STATE OF UTAH GENERAL REQUIREMENTS

Notice of Budget Hearing

According to Utah Code section 17-36-12, the governing body of the District shall determine the place and time for a public hearing for the adoption of a budget or amended budget. A notice of this hearing is required to be published at least seven days before the hearing in at least one newspaper of general circulation within the District's boundaries. After reviewing the date of publication of the notice and the date of the hearing, we found the District had delivered the notice to the paper to be published with in seven days but the notice only advertised the hearing six days before the hearing was held.

We recommend the District review the requirements for advertising public hearings on the adoption of their budgets. We also recommend the District comply with the required timing of notices with regards to their budget.

District's Response

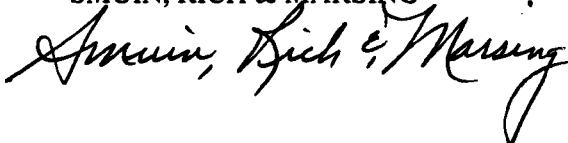
We will review the timing of the public notification regarding public hearings on the adoption or amendment of the District's budget and if necessary make changes to bring the District into compliance.

SUMMARY

We feel the accounting procedures and State Compliance issues mentioned above are some areas where the District can make changes so as to further improve its internal control structure to safeguard the assets, check the accuracy and reliability of accounting data and promote operating efficiency.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing". The signature is written in dark ink and is positioned below the printed name.

Price, Utah

May 17, 2007